



BOC Aviation Investor Presentation

MAY 2022

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1Q 2022 and Recent Developments



STRONG ASSET QUALITY

- 530 aircraft owned, managed and on order¹
- 4.1 years² average fleet age; 8.2 years² average remaining lease term
- 96.7% aircraft utilization rate



ROBUST LIQUIDITY

- US\$6 billion of available liquidity
- More than covers 2022 target capex and maturing liabilities
- Well positioned to support future investment



PROACTIVE INVESTMENT STRATEGY

- Seven aircraft deliveries
- 22 lease commitments signed
- Committed to acquire 13 new aircraft, including 11 Boeing 737 MAX 8 aircraft for lease to Lynx Air



STRONG CREDIT RATINGS

- A- by S&P Global Ratings
- A- by Fitch Ratings



FUTURE GROWTH

- Announced the purchase of 80 new Airbus A320NEO family aircraft, scheduled for delivery between 2027 and 2029
- Largest aircraft order in the Company's history
- Delivered the first of seven new Boeing 737 MAX 8 aircraft from our orderbook to Turkish Airlines in May



EXPERIENCED MANAGEMENT AND OWNERSHIP

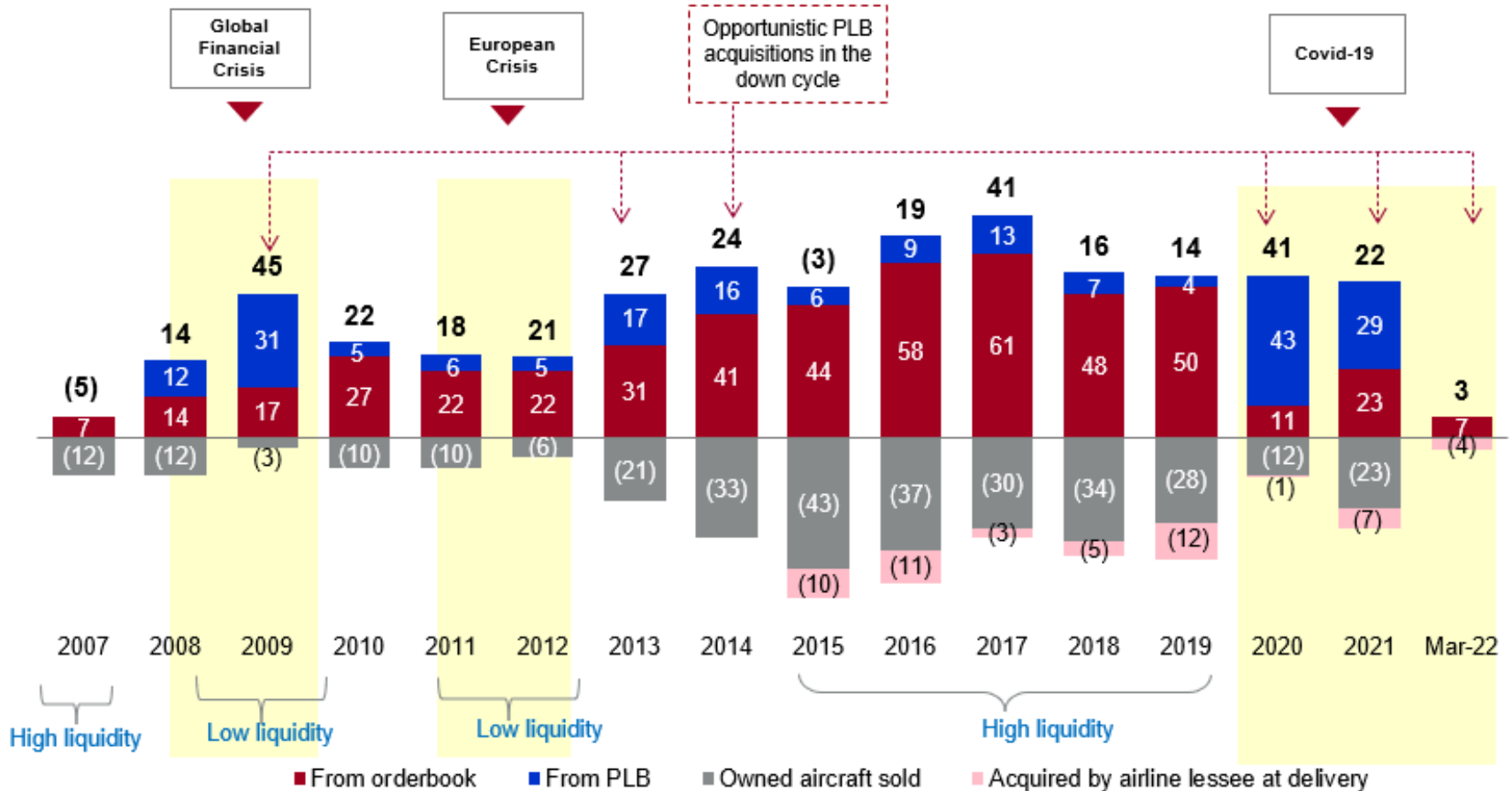
- Experienced management team successfully managed through multiple cycles
- Bank of China provides ongoing support

A strong start to the year with new aircraft purchase commitments for future growth

All data as at 31 March 2022 unless otherwise indicated
See Appendices - Endnotes

How We Invest

Number of aircraft delivered, purchased and sold



Investing in aircraft through multiple cycles

All data as at the end of the relevant period

Popular and Fuel-Efficient Fleet

- Announced orders for 80 additional Airbus A320NEO family aircraft on 11 April 2022

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	102	15	0	117
Airbus A320NEO family	92	0	33	125
Airbus A330CEO family	10	1	0	11
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	72	14	0	86
Boeing 737 MAX family	40	0	55	95
Boeing 777-300ER	26	4	1	31
Boeing 777-300	0	1	0	1
Boeing 787 family	21	1	21	43
Freighters	5	1	0	6
Total	383	37	110	530

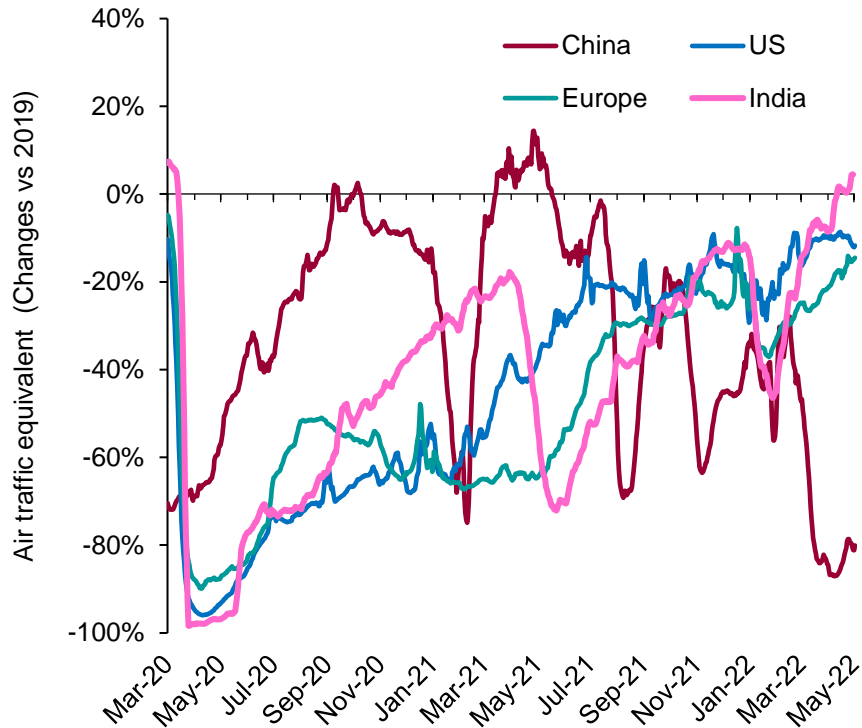
100% of orderbook comprises latest technology aircraft

All data as at 31 March 2022
See Appendices - Endnotes

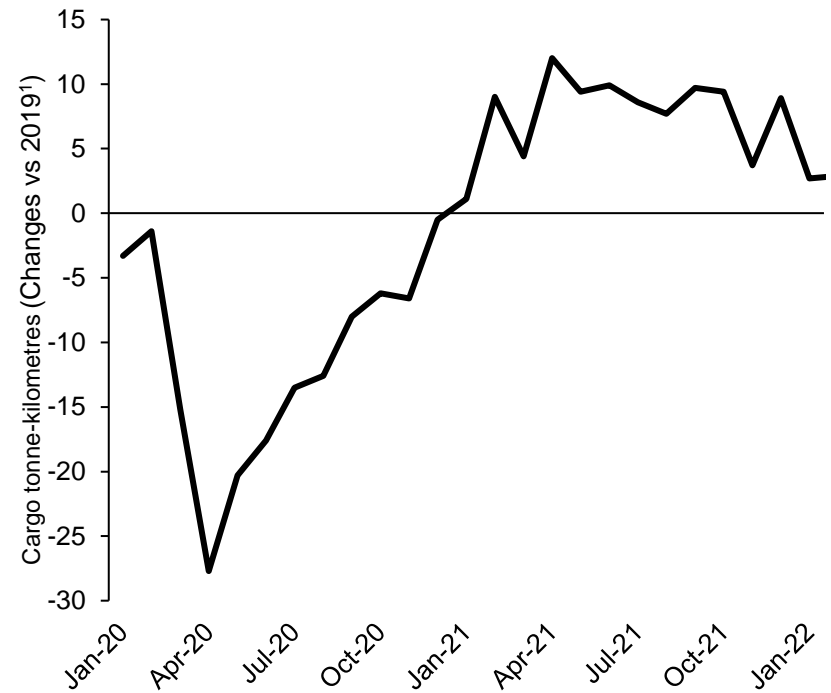


Air Traffic Recovery

Countries with significant domestic markets demonstrate rising passenger demand



Strong global air cargo performance



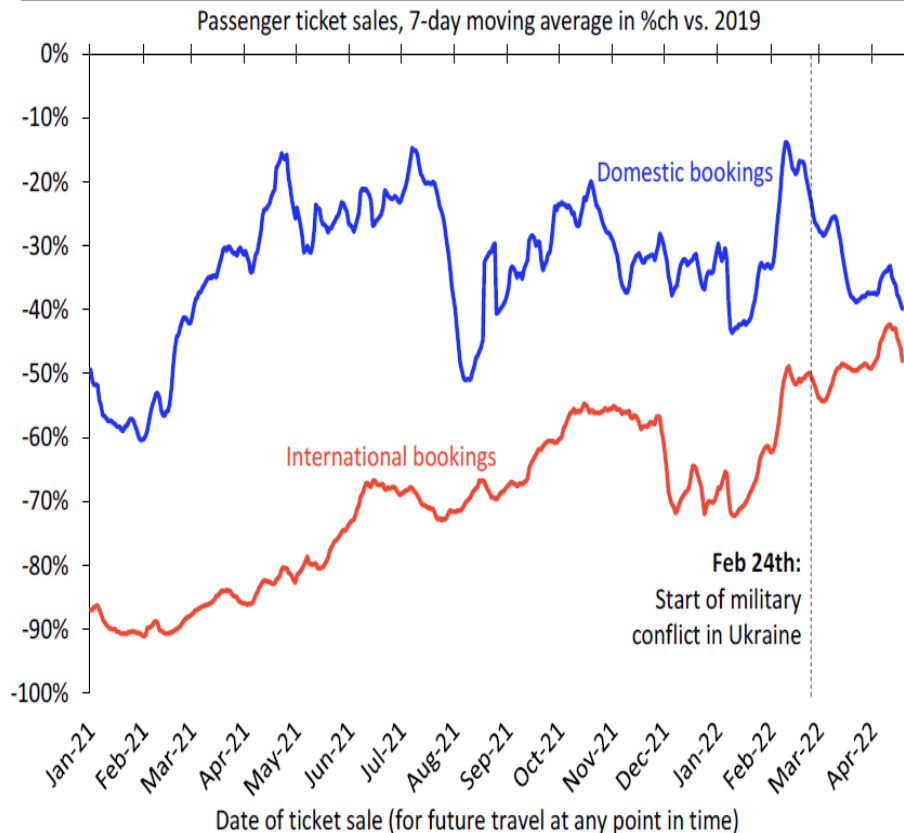
Recovery in large domestic markets following a resurgent cargo market

See Appendices - Endnotes

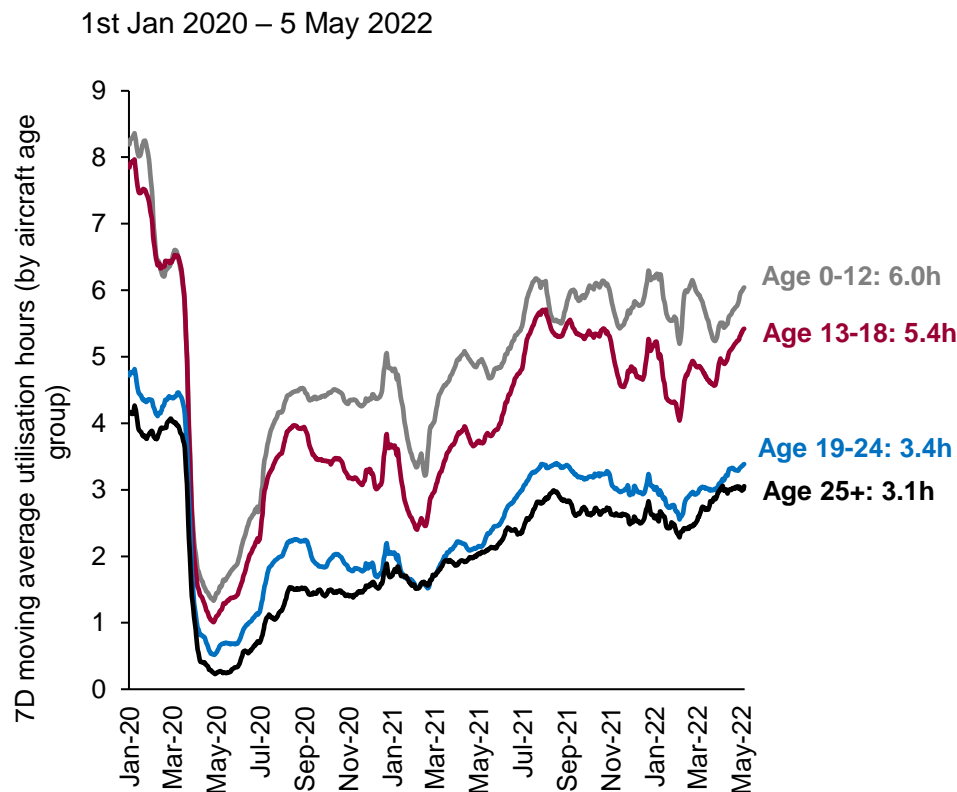


Forward Bookings Drive Recovery in Aircraft Utilisation

Passenger ticket sales (% change vs 2019)



Rising utilisation hours

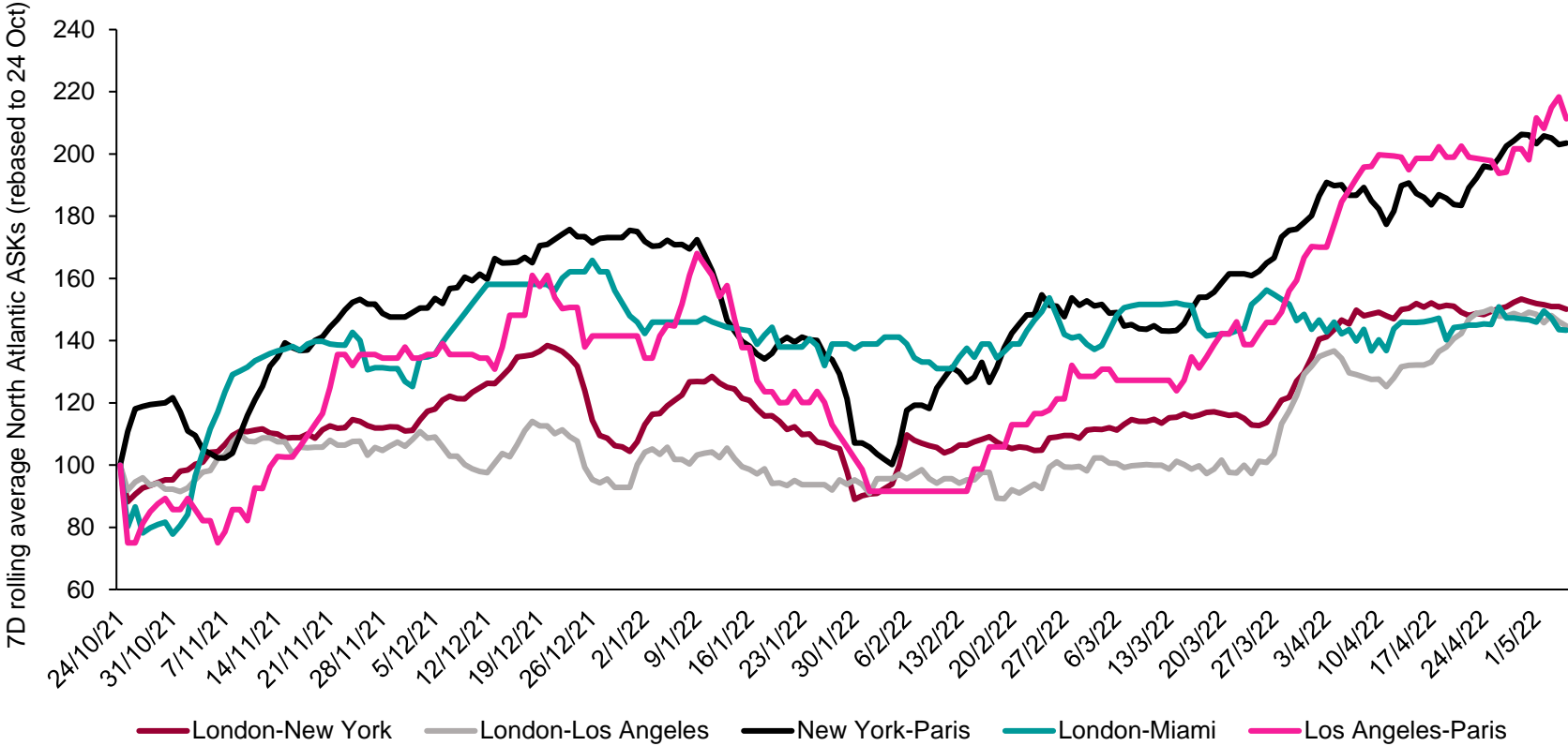


Shorthaul recovery drives demand for narrowbody aircraft; international demand picking up



Return of International Air Travel

Strong transatlantic travel demand



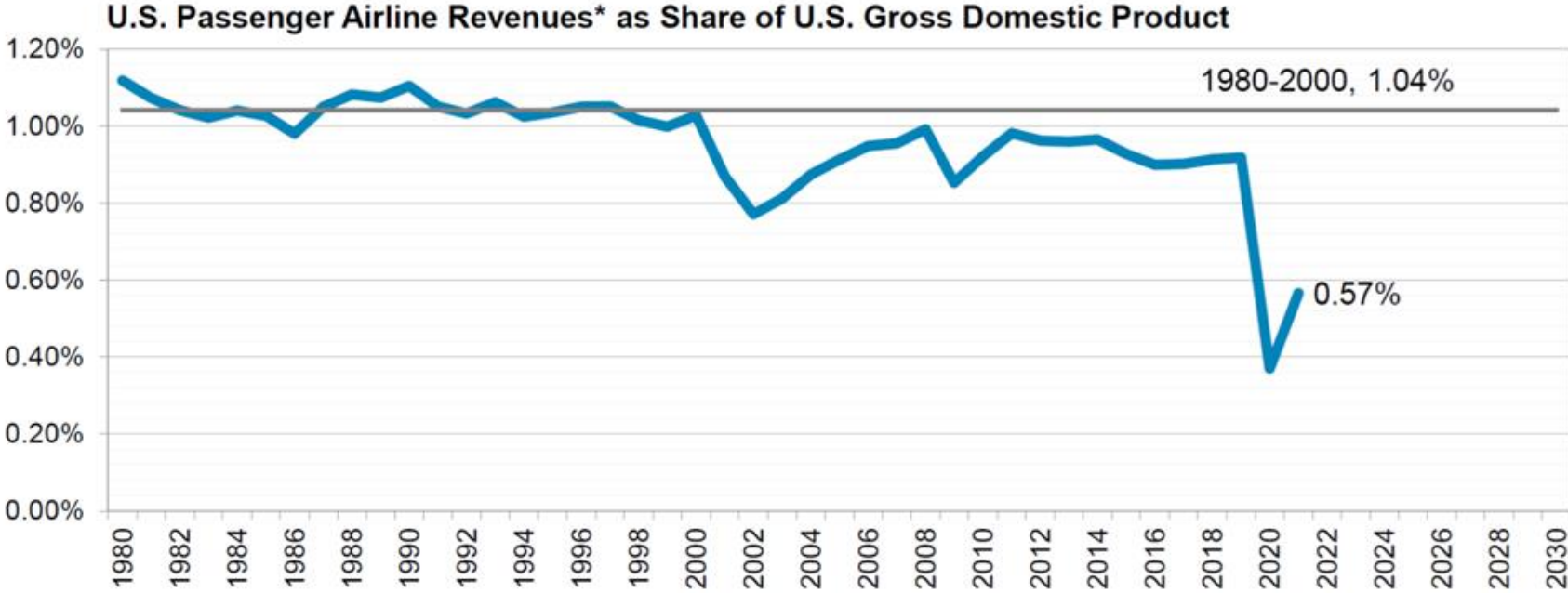
Improving trans-Atlantic traffic as border controls removed and Omicron impact fades

See Appendices - Endnotes



Potential Strength in Demand Yet to Come

Heightened Competition and Substitutes to Air Travel Have Put Downward Pressure on U.S. Airlines' Revenue Footprint Relative to the Size of the U.S. Economy



Source: A4A Passenger Airline Cost Index

* DOT Form 41 systemwide operating revenues



airlines.org

The return of international travel will further contribute to the performance of US airlines

See Appendices - Endnotes



Regional Traffic Should Rebound As China Reopens Borders

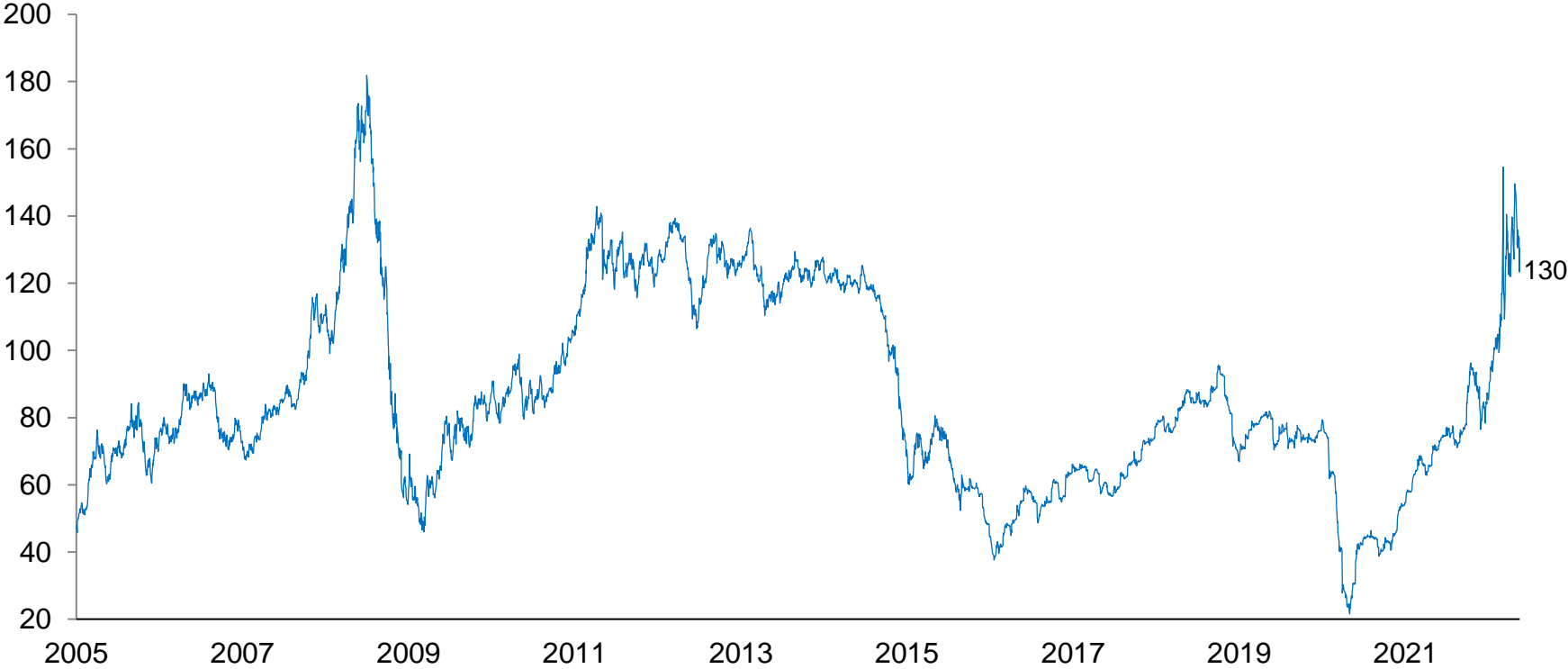
Departing seats			
Country	2Q 2022	vs. 2Q 2021	vs.2Q 2019
Indonesia	30,138,166	14%	-23%
Vietnam	16,677,980	44%	-3%
Thailand	12,258,002	121%	-50%
Philippines	10,334,716	211%	-29%
Malaysia	9,383,673	312%	-47%
Singapore	4,943,105	193%	-53%
Myanmar	732,212	31%	-63%
Cambodia	355,073	192%	-82%
Laos	138,323	14%	-78%
Brunei	71,410	109%	-80%
Total	85,032,660	65%	-34%

42 million Chinese passengers visited SE Asia in 2019; <400k in 2021

See Appendices - Endnotes

Rising Jet Fuel Prices

Jet fuel price, US\$/barrel



Fuel prices remain high and volatile

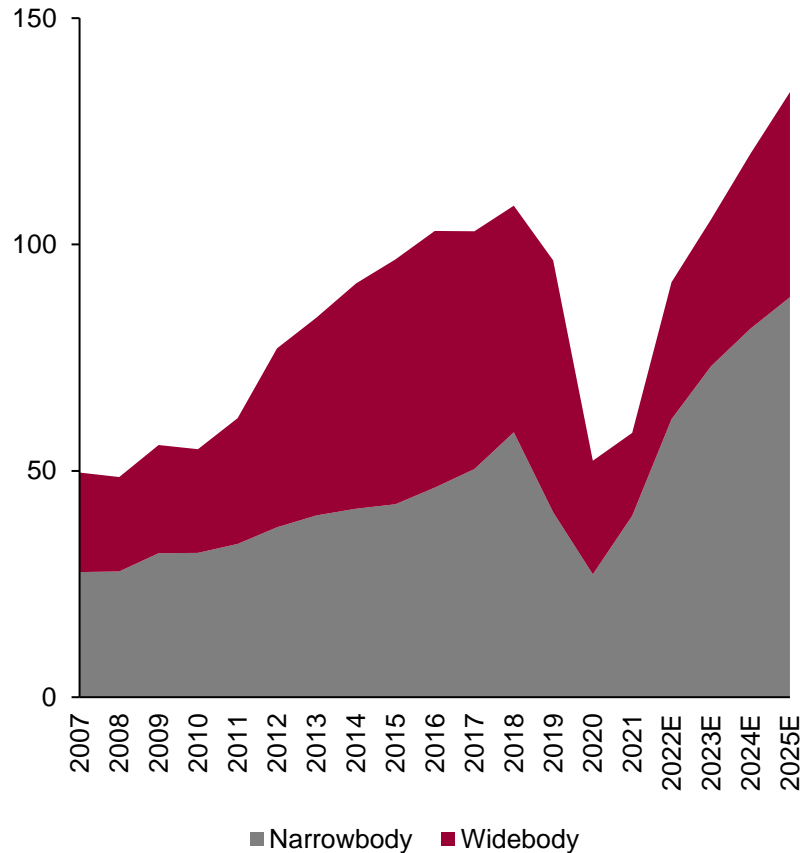
See Appendices - Endnotes



Airlines' Capital Investments Are Projected to Increase

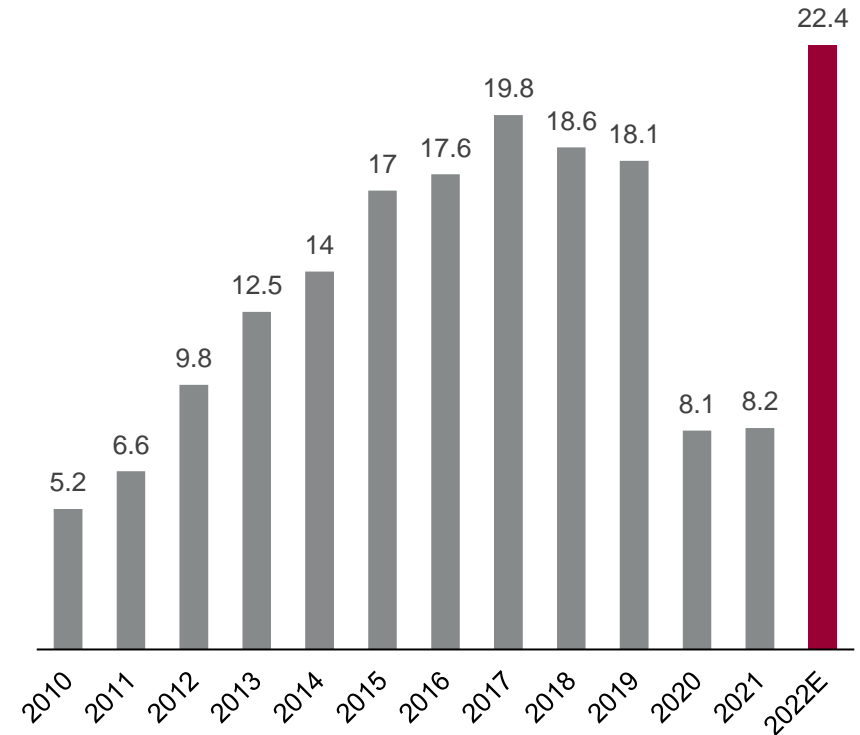
Global Airlines' annual capital expenditure

US\$ billion



US Airlines' annual capital expenditure

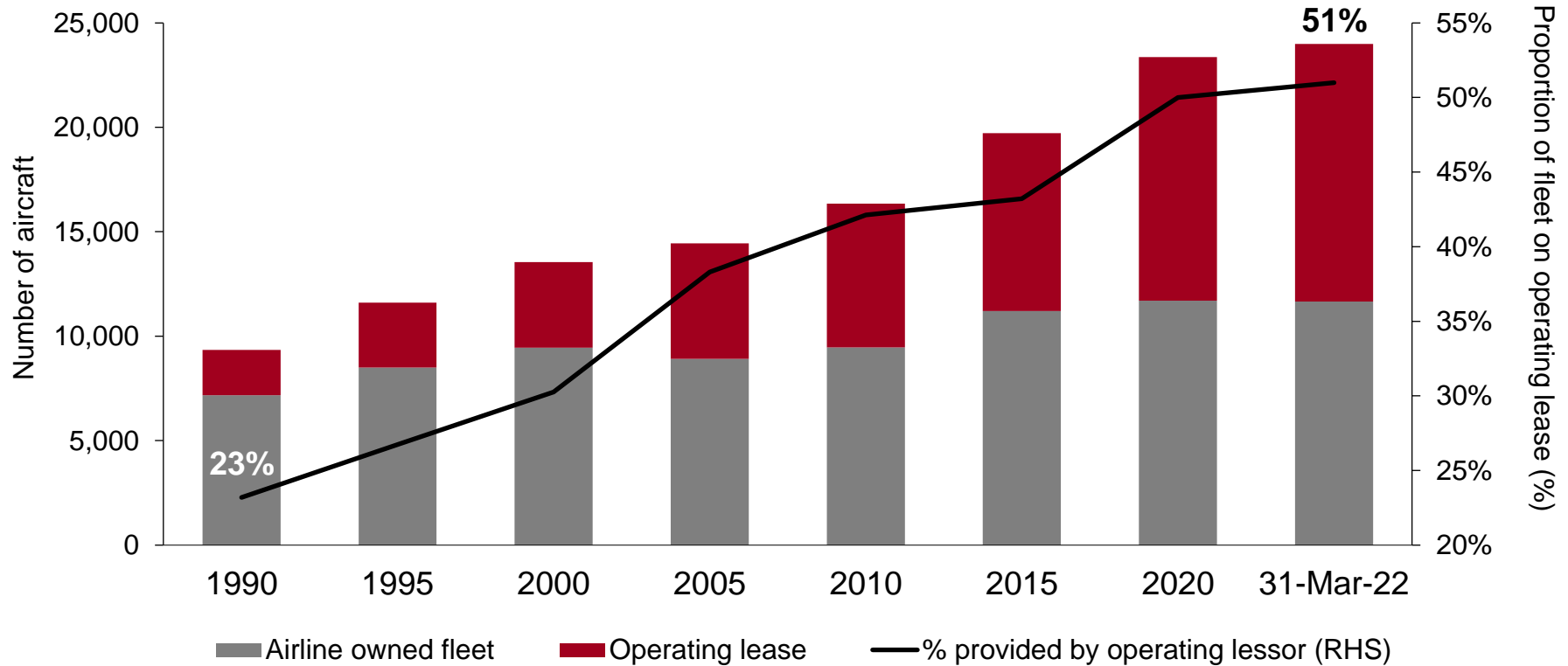
US\$ billion



All data as at 31 December 2021
See Appendices - Endnotes

Lessors Own 51% of the Aircraft Market Today

Proportion of fleet on operating lease



Lessors own 51% of the aircraft market today; this proportion has potential to increase

All data as at 31 March 2022
See Appendices - Endnotes



Looking Ahead

- Improving airline traffic visible globally
 - Resurgence in passenger numbers in large domestic markets already clear
 - Long-haul markets recovering as new travel lanes are opened
 - Omicron impact has fallen away in EU and US markets; Asia is poised to follow suit as more markets open up
 - Russian airspace closure having limited effect on overall travel demand
- Higher interest rates and fuel prices provide financing opportunities for well-capitalised operating lessors
 - Airline capex showing signs of distinct recovery
- China re-opening will drive upside for Southeast Asia: travel volumes already recovering and this before the 42 million Chinese that travelled to the region in 2019
- A global aircraft operating lessor committed for the long-term
 - Robust delivery numbers in 2021
 - Orderbook and available liquidity position us well to capture airline demand upturn
 - New orders refresh delivery pipeline
 - Three female Directors out of Board of 11

APPENDICES

Russian Exposure Snapshot as at 31 March 2022

Net exposure of aircraft leased
to Russian airlines

US\$589 million

17 owned aircraft
with **4** airlines

2.5% of total assets as at 31 March 2022

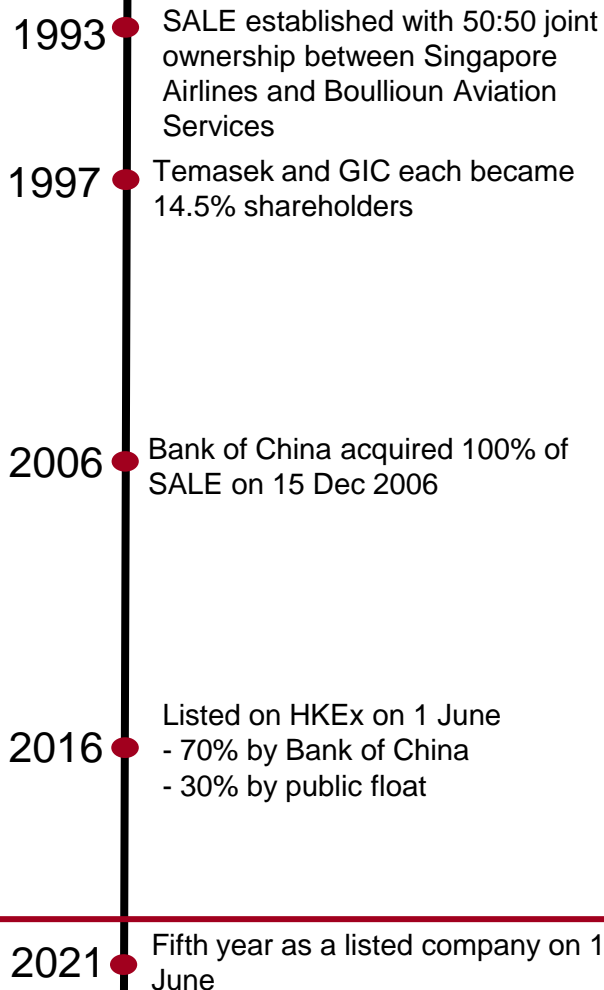
10% of \$6bn available liquidity as at end-2021

<12% of \$5.3bn of equity as at end-2021

Manageable exposure for the Company

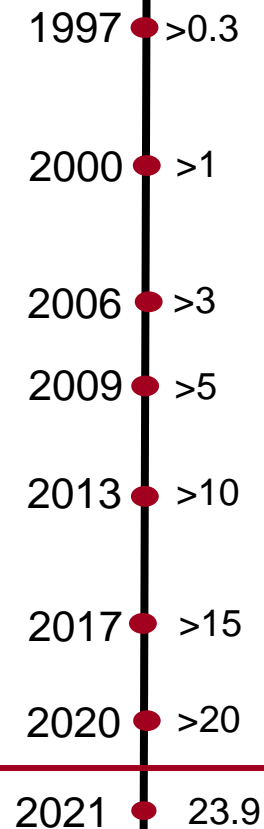
The BOC Aviation Journey

Ownership



Total assets

US\$ billion



All data as at the end of the relevant period



BOC Aviation – Who Are We?

Bank of China

70% owned by BOC

US\$23.9 billion

Total assets

Listed on HKEX

HKEX code: 2588

A- Investment grade credit ratings
from S&P and Fitch

530

Aircraft in fleet¹

4.1 years; 8.2 years

Average fleet age & lease term remaining²

28

Years of unbroken profitability

US\$5.5 billion

Cumulative profits since inception

Top 5

Global aircraft operating lessor

15%

Average ROE since 2007

Industry leader with best-in-class financial performance

All data as at 31 December 2021 unless otherwise indicated
See Appendices - Endnotes



Globally Diverse Management Team



Robert Martin
Managing Director & Chief Executive Officer

Zhang Xiaolu
Vice-Chairman & Deputy Managing Director

Steven Townend
Deputy Managing Director & Chief Financial Officer

David Walton
Deputy Managing Director & Chief Operating Officer

Deng Lei
Chief Commercial Officer (Asia Pacific & the Middle East)

Paul Kent
Chief Commercial Officer (Europe, Americas, Africa)

- 34 years of banking and leasing experience
- Managing Director and Board Director since July 1998

- 31 years of banking experience
- In charge of Risk Management, Market Research, Board Secretariat and Corporate Affairs departments

- 30 years of banking and leasing experience
- In charge of Finance, Treasury, Tax, Investor Relations and Settlement

- 35 years of legal, aviation finance and leasing experience
- In charge of Procurement, all operations and related departments

- 23 years of banking experience
- In charge of revenue activities for Asia Pacific and Middle East

- 26 years of aircraft finance and leasing experience
- In charge of revenue activities for Europe, Americas and Africa

Nationality



Highly experienced senior management team

All data as at May 2022



Core Competencies - BOC Aviation Track Record

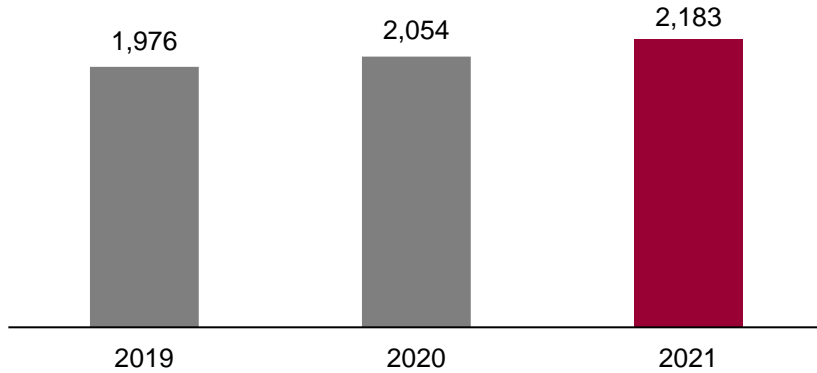
Since inception in 1993:

- Purchasing More than 900 aircraft purchased totalling more than US\$51 billion
 - Leasing More than 1,150 leases executed with more than 170 airlines in 57 countries and regions
 - Financing¹ More than US\$37 billion in debt raised since 1 January 2007
-
- Sales More than 390 aircraft sold
 - Transitions 109 transitions
 - Repossessions² 65 aircraft in 19 jurisdictions

Resilient Performance in a Difficult Market

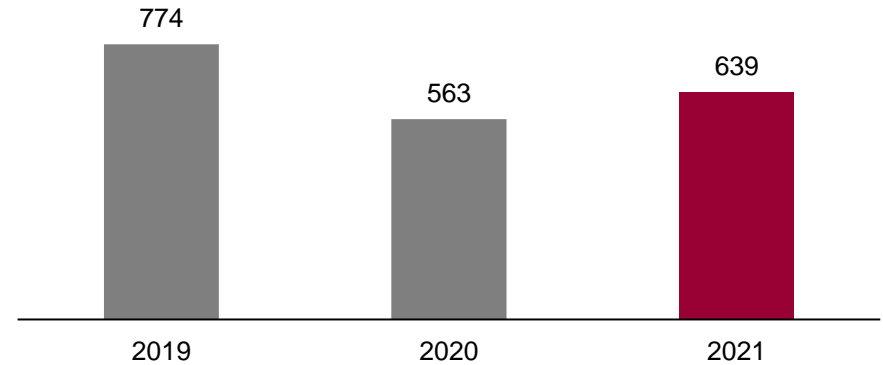
Fleet growth underpins growth in revenues

US\$ million



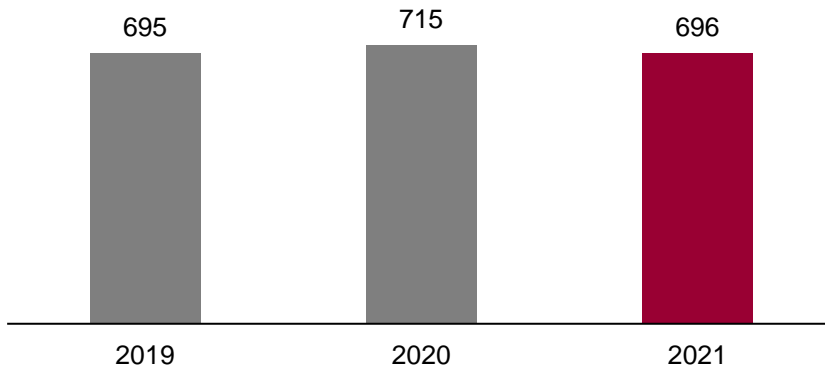
Improving profit before tax

US\$ million



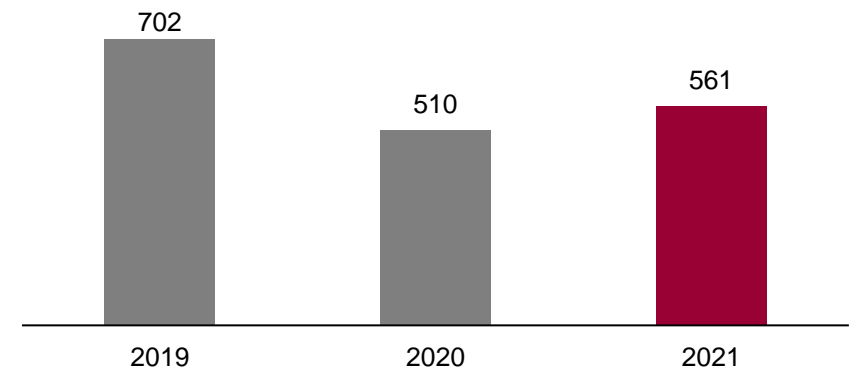
Consistently high core lease rental contribution¹

US\$ million



Increasing net profit after tax

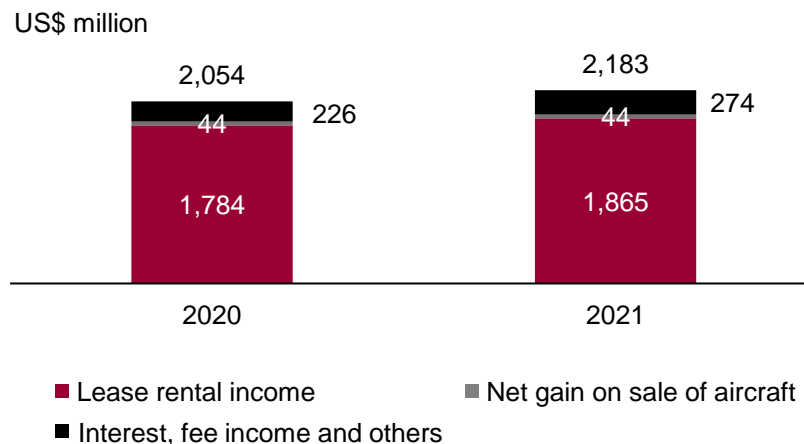
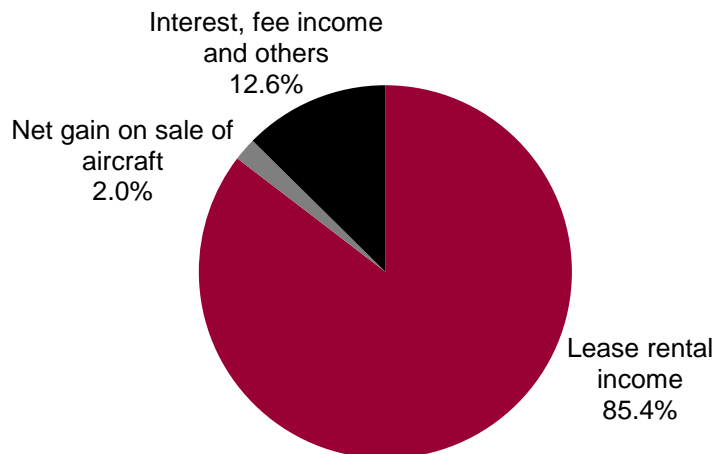
US\$ million



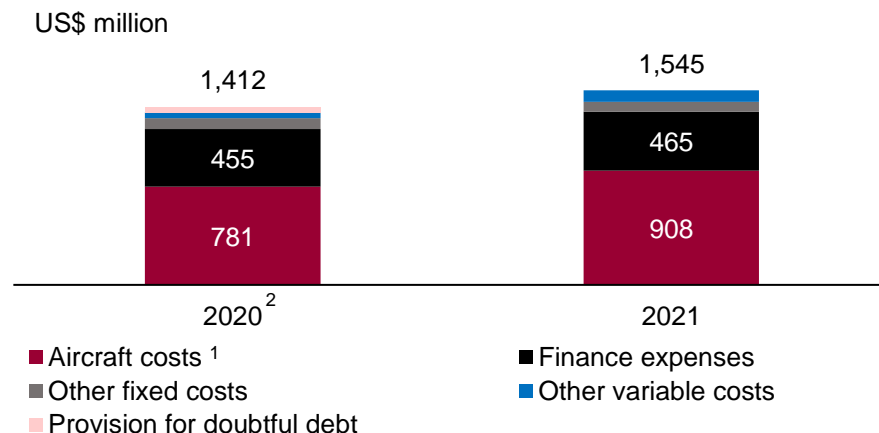
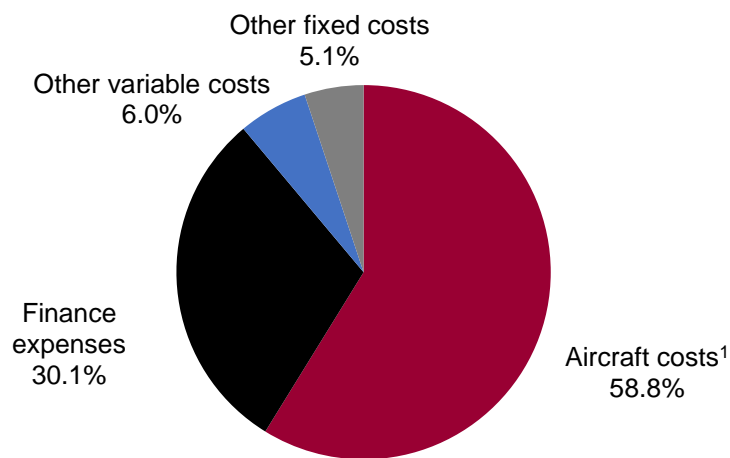
All data as at 31 December 2021
See Appendices - Endnotes

Lease Rental Income Continues to Dominate Revenue

Lease rental income consistently over 85% of total revenues and other income



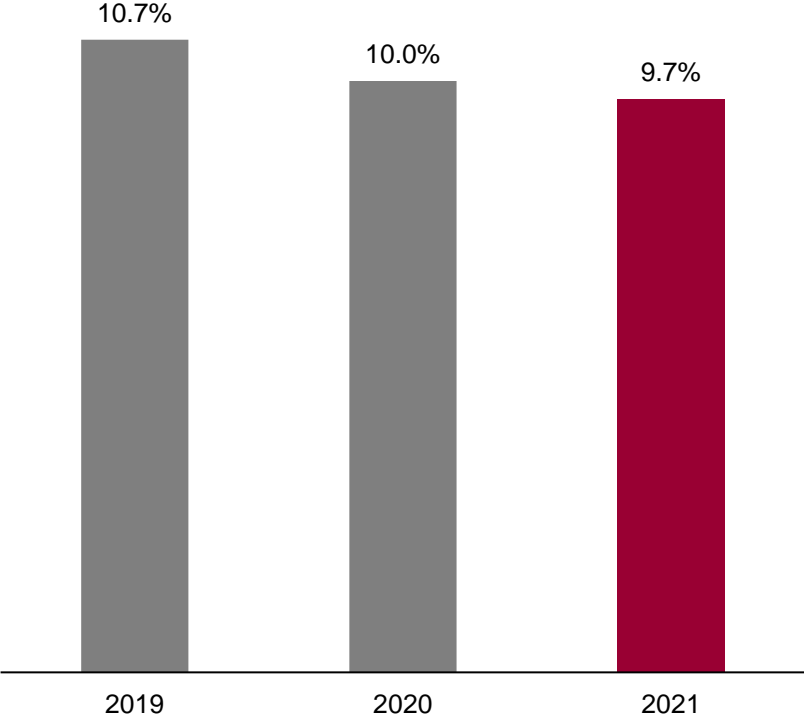
Depreciation of aircraft and financing costs are key costs



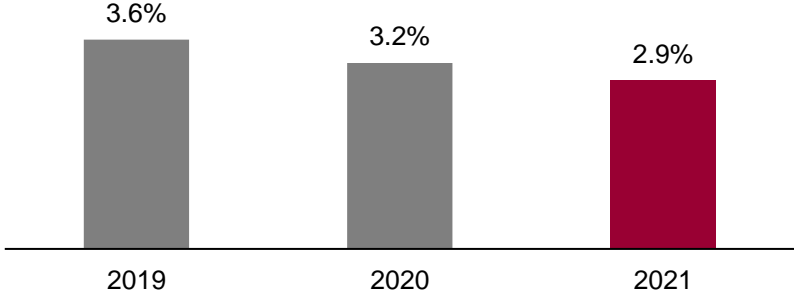
All data as at 31 December 2021
See Appendices - Endnotes

Lease Yields Reflect Market Environment

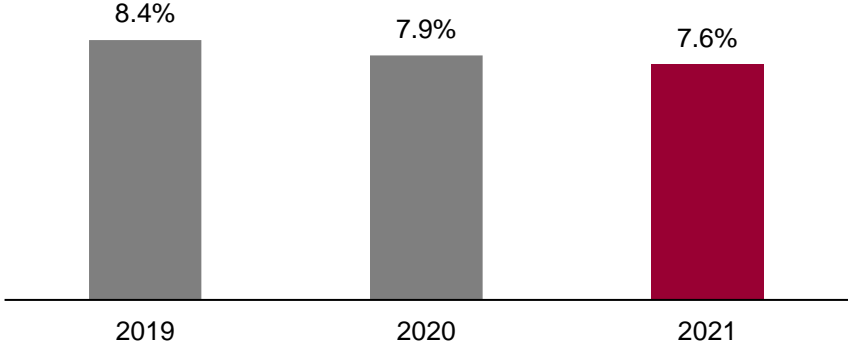
Lease rate factor¹ high at around 10%



Reduced cost of debt²



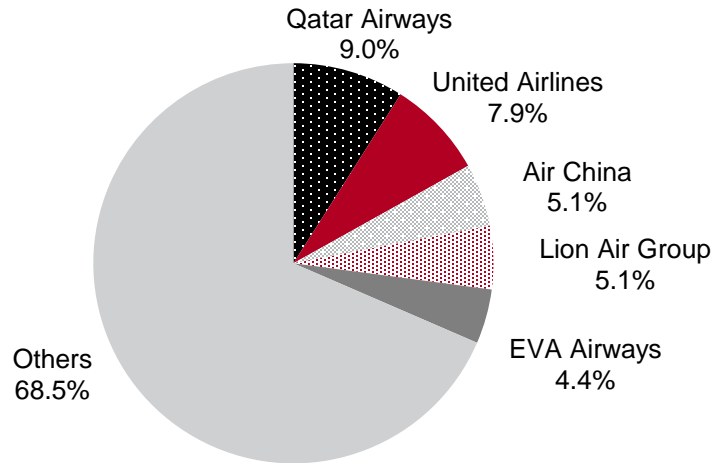
Lower net lease yield³



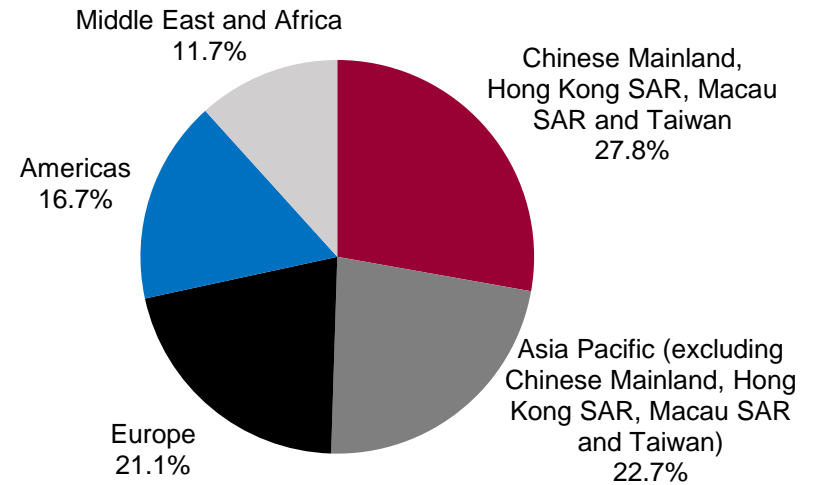
All data as at 31 December 2021
See Appendices - Endnotes

Globally Diversified Portfolio

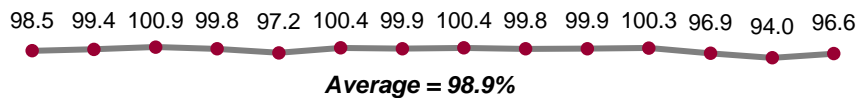
Lease portfolio diversified by customer^{1,2}



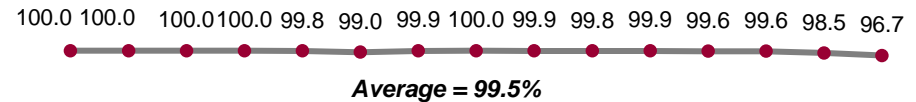
...and increasingly diversified by geography^{1,3}



Collection rate (%)



Fleet utilization (%)⁴



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 Mar-22

All data as at 31 December 2021 unless otherwise indicated
See Appendices - Endnotes

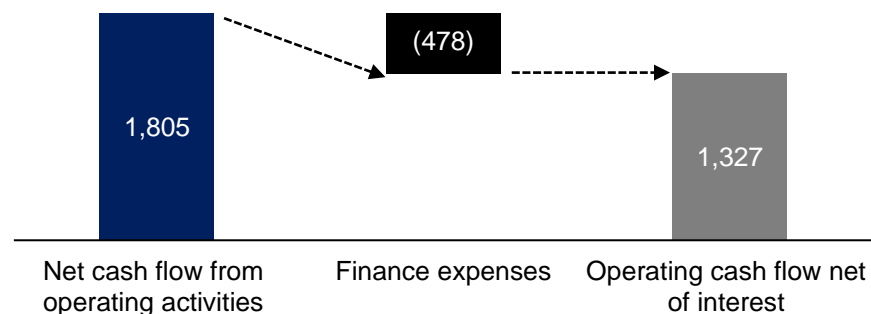
Operating Cash Flow Net of Interest

Operating cash flow net of interest¹

- Operating cash flow in excess of US\$1.3 billion; matching 2020 despite a challenging environment
- Strong collection efforts in 2022 will further enhance cash flow
- Expecting 36 aircraft to be delivered in 2022²

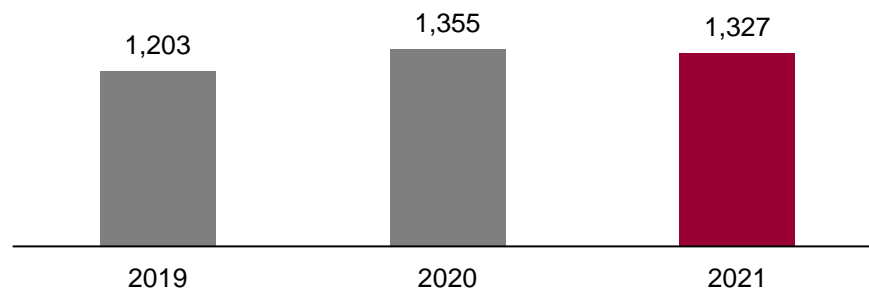
Operating cash flow net of interest¹ for FY2021

US\$ million



Consistently high operating cash flow net of interest¹

US\$ million

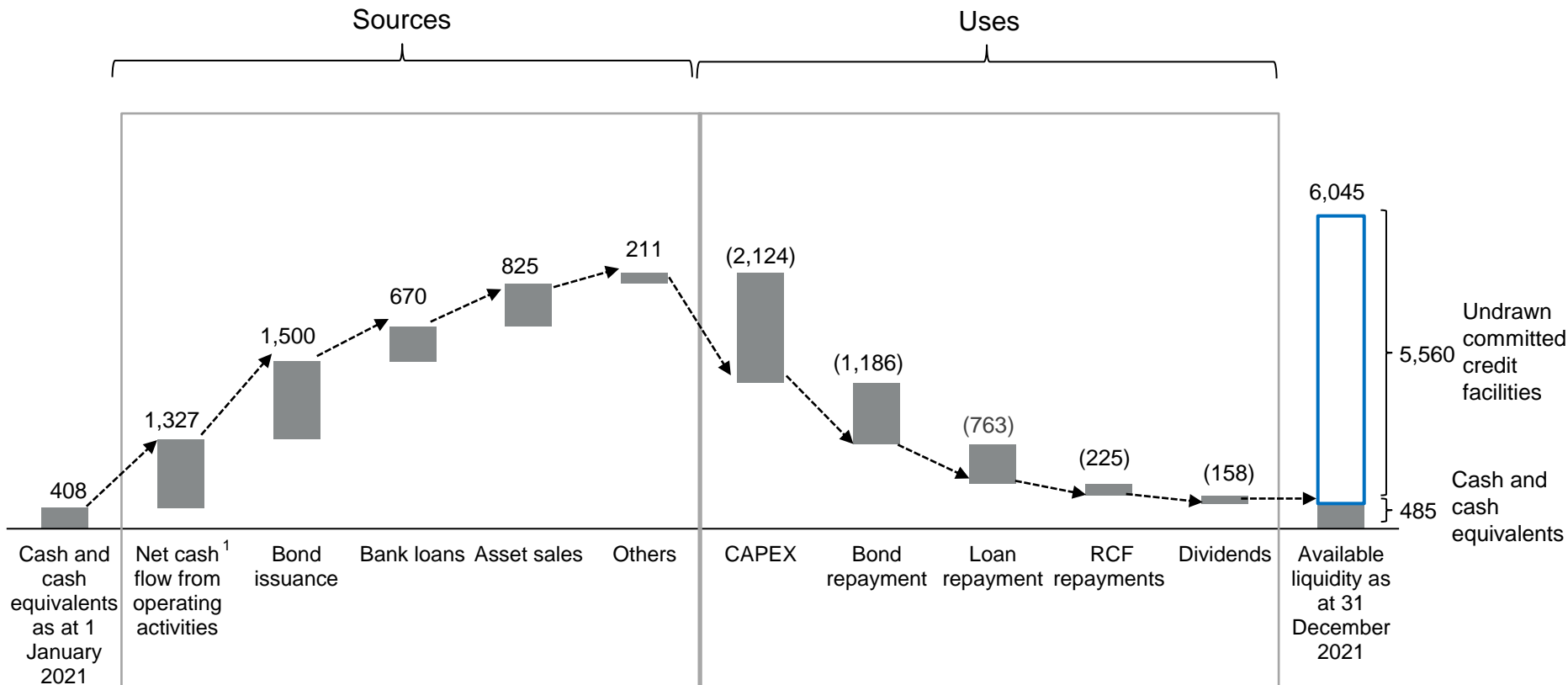


Operating cash flow net of interest continues to be stable in 2021

Diverse Funding Channels Utilised in 2021

Sources and Uses of Cash

US\$ million



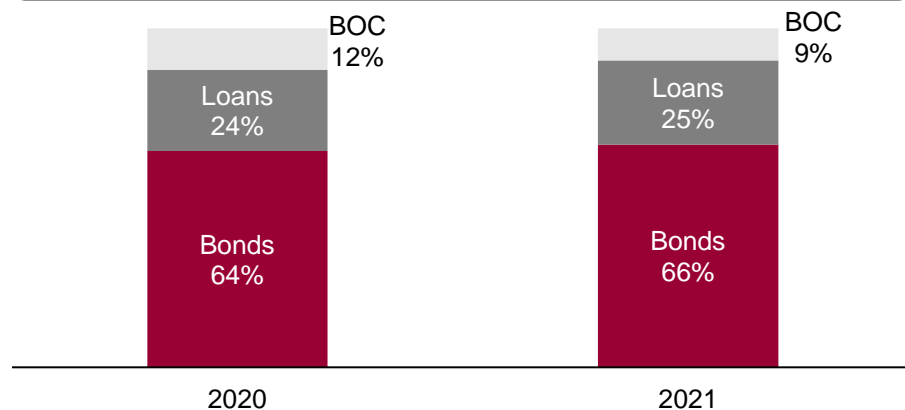
US\$6 billion of committed available liquidity



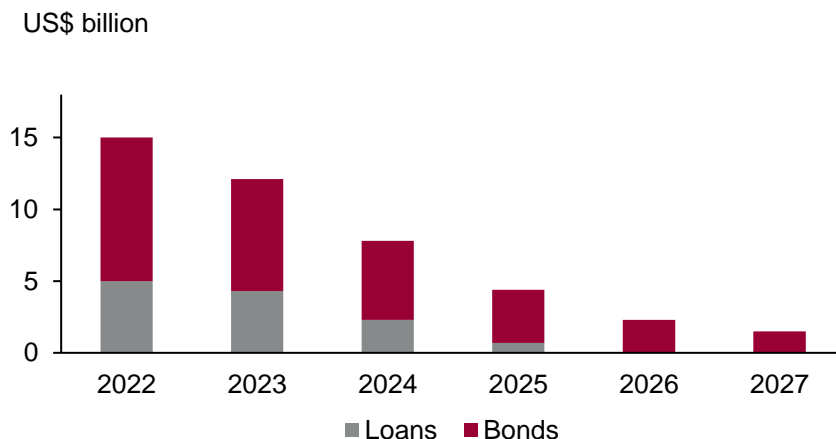
All data as at 31 December 2021
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Flexible Capital Structure and Ample Backstop Liquidity

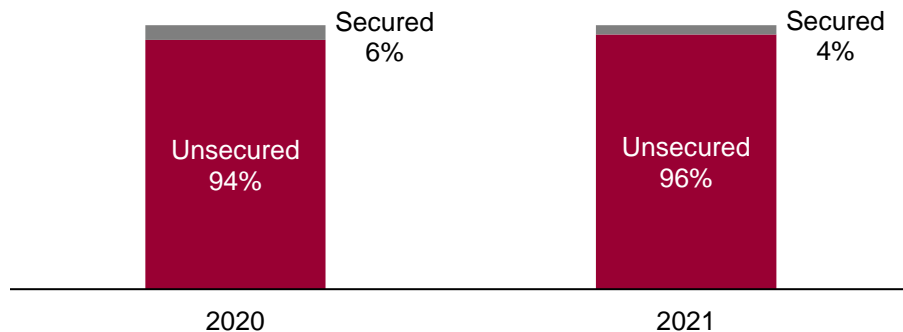
Sources of debt¹



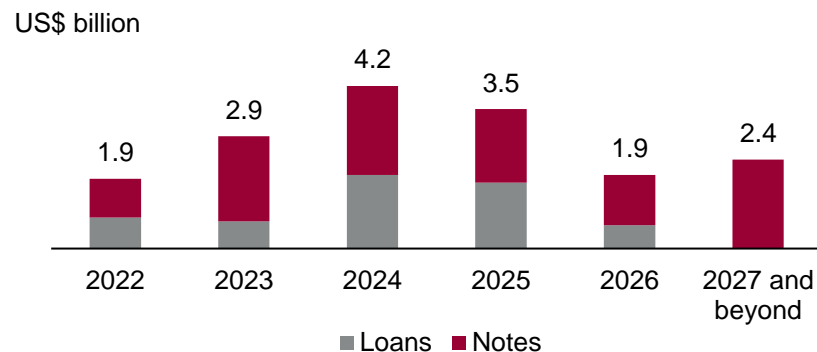
Outstanding debt amortises over a long term



Increasing unsecured funding



Near term debt maturities well covered by US\$6 billion available liquidity



Liability management is a key strength

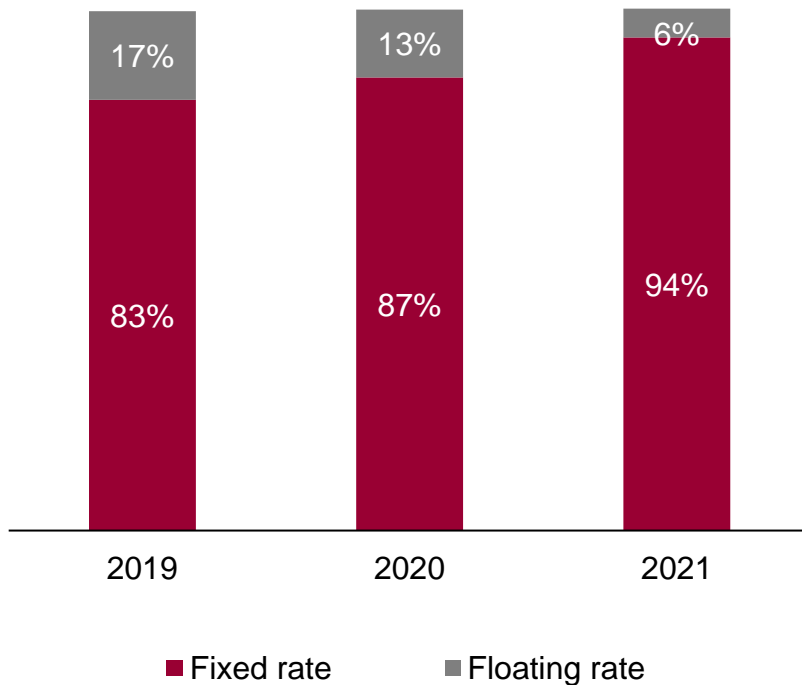
All data as at 31 December 2021 unless otherwise indicated
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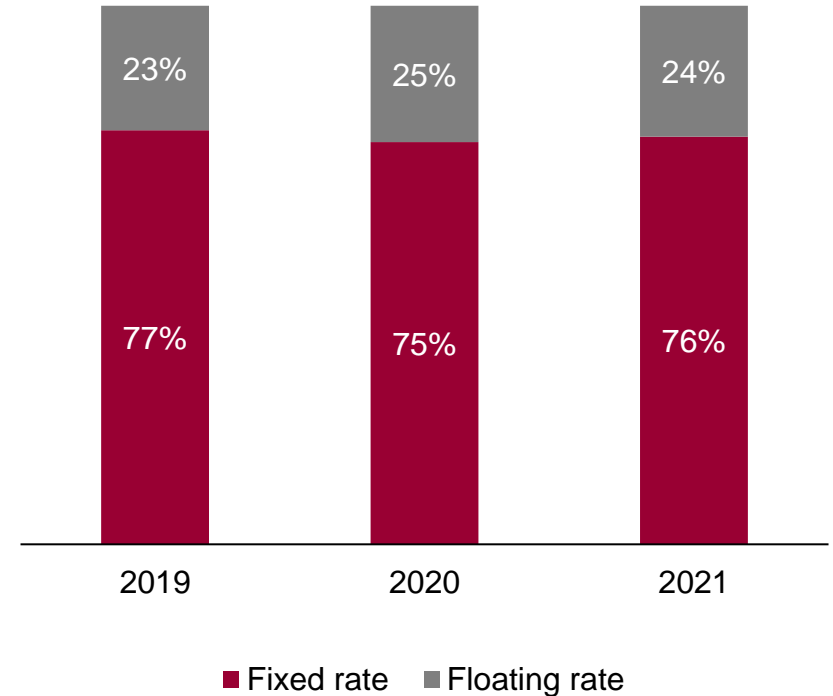
High Proportion of Fixed Rate Leases and Debt

Proportion of fixed rate leases rising steadily¹

By net book value



Stable proportion of fixed rate debt²



All data as at 31 December 2021
See Appendices - Endnotes

2021 ESG Highlights

Environmental

- **100%** carbon neutral for direct emissions
- Direct GHG emissions reduction **ahead of target**
- **100%** latest technology aircraft in the orderbook
- **Two-thirds** of our owned fleet is latest technology aircraft
- **3.9** years average fleet age
- Piloted our grassroots employee **ESG pledge**

Social

- **More than US\$50,000** in donations
- **1,400** volunteer hours in local communities
- **More than 2,900** training hours
- **Eight** employee surveys
- **34** Company-wide townhalls
- **20** nationalities across five offices

Governance

- **Three** female Board of Directors out of 11
- **Three** nationalities on the Board
- **Cybersecurity 2.0** upgrades
- **Nil** regulatory breaches or legal cases
- **100%** completion of compliance training

All data as at 31 December 2021

Endnotes (1)

- **SLIDE 3: 1Q 2022 and Recent Developments**
 1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
 2. Weighted by net book value of owned fleet as at 31 March 2022
- **SLIDE 5: Popular and Fuel-Efficient Fleet**
 1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
- **SLIDE 6: Air Traffic Recovery** - Sources: China MoT (Air Pax YoY) TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights), IATA
 1. Changes compared to 2021 with effect from January 2022
- **SLIDE 7: Forward Bookings Drive Recovery in Aircraft Utilisation** - Sources: IATA Air Passenger Market Analysis – February 2022, AWN ADS-B
- **SLIDE 8: Return of International Air Travel** – Source: ADS-B database updated as of 5 May 2022
- **SLIDE 9: Potential Strength in Demand Yet to Come** – Source: Airline for America
- **SLIDE 10: Regional Traffic Should Rebound As China Reopens Borders** – Source: Cirium
- **SLIDE 11: Rising Jet Fuel Prices** – Source: Bloomberg, 20 May 2022
- **SLIDE 12: Airlines' Capital Investments Are Projected to Increase** – Sources: BOC Aviation Analysis, Airlines for America

Endnotes (2)

- **SLIDE 13: Lessors Own 51% of the Aircraft Market Today** – Sources: Ascend, as at 31 March 2022, based on aircraft of 100+ seats. Fleet data for 2020 onwards includes aircraft in-service and aircraft additionally parked from end-2019 due to Covid-19 fleet grounding.
- **SLIDE 18: BOC Aviation – Who Are We?**
 1. Includes owned, managed and aircraft on order as at 31 March 2022
 2. Weighted by net book value of owned fleet as at 31 March 2022
- **SLIDE 20: Core Competencies - BOC Aviation Track Record**
 1. As at 31 December 2021
 2. Includes repossessions and consensual early returns
- **SLIDE 21: Resilient Performance in a Difficult Market**
 1. Impairment charges comprise impairment of aircraft and financial assets
 2. Calculated as operating lease rental income and finance lease interest income less aircraft depreciation, finance expenses apportioned to operating lease rental income and finance lease interest income, amortisation of deferred debt issue costs and lease transaction closing costs
- **SLIDE 22: Lease Rental Income Continues to Dominate Revenue**
 1. Comprises aircraft depreciation and impairment
 2. Excludes loss on investment in equity instruments

Endnotes (3)

- **SLIDE 23: Lease Yields Reflect Market Environment**

1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%
2. Calculated as the sum of finance expenses and capitalized interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes
3. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value (including aircraft held for sale).

- **SLIDE 24: Globally Diversified Lease Portfolio**

1. Based on net book value including aircraft subject to finance leases and excluding aircraft off lease as at 31 December 2021
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary obligor under the relevant operating lease
4. Fleet utilization is the total days on-lease in the period as a percentage of total available lease days in the period

- **SLIDE 25: Operating Cash Flow Net of Interest**

1. Calculated as net cash flows from operating activities less finance expenses paid
2. Including two delivered in March 2022 YTD

- **SLIDE 26: Diverse Funding Channels Utilised in 2021**

1. Calculated as net cash flow from operating activities less finance expenses paid

- **SLIDE 27: Flexible Capital Structure and Ample Backstop Liqui**

1. Drawn debt only

- **SLIDE 28: High Proportion of Fixed Rate Leases and Debt**

1. By net book value including aircraft subject to finance lease and aircraft held for sale, and excluding aircraft off lease
2. Fixed rate debt included floating rate debt swapped to fixed rate liabilities



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